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SUBJECT: UN AGENCIES REVIEW CONTINGENCY PLANNING IN FACE OF
HUMANITARIAN SITUATION

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¶1. (SBU) Summary: The United Nations Office for the Coordination of Humanitarian Affairs (OCHA) head described on April 11 the likely humanitarian risks facing the West Bank and Gaza Strip in the coming months and the UN's contingency planning for what he described as a "predictable and inevitable crisis." Funding for the UN's Consolidated Appeals Process (CAP), totaling USD 215 million for 2006, remains the top priority. The UNRWA Deputy Commission General said the PA's likely failure to pay salaries and provide services would directly impact 50 percent of the Palestinian refugees in the West Bank and Gaza. The UNDP Special Representative noted that Gaza crossing closures limited the availability of construction materials in Gaza, thereby slowing down UNDP's few fully-funded job-creation construction projects. End Summary.

Humanitarian Risks

¶2. (SBU) OCHA head David Shearer reviewed the humanitarian risks facing the West Bank and Gaza with donors April 11. He based his presentation on three scenarios, largely based upon the World Bank's March 15 Economic Update and Potential Outlook:

-- Scenario 1: Current situation but no abrupt change in PA funding. PA receives aid as in 2005 (USD 360 million). PA receives Israeli transfers as in 2005 of USD 790 million. Israeli security measures intensify with continued restrictions on Palestinian movement and access to services. (Comment: This is simply a planning scenario, and no one expects this level of assistance. End comment.)

-- Scenario 2: Current crisis plus limited and erratic funding of the PA. PA receives limited funding (USD 230 million) from Arab countries, while Western funding is withdrawn. Western donors identify alternative financing mechanisms separate from the PA. Donor contributions are delayed by banks' halting of transactions with the PA. The liquidation of PA assets and borrowing from banks is delayed. GOI suspends revenue transfer that it collects on behalf of the PA. In addition to the security trends mentioned in Scenario 1, violence from unpaid security staff limits operations of international workers and organizations.

-- Scenario 3: Current crisis and no funds available for the PA. All aid to the PA is halted. GOI suspends revenue transfer that it collects on behalf of the PA. In addition

to Scenario 2, the PA loses control of security and privatized security is offered by armed groups. The economy slides into a collapse far worse than in Scenario 2.

UN agencies' contingency planning

¶3. (SBU) Shearer said the UN agencies were using the second scenario as the basis for their contingency planning. He stressed that if the PA stops delivery of services, it will be felt immediately since, the PA runs most hospitals, two-thirds of all health clinics, and 75 percent of schools. With the poverty rate at 56 percent and anticipated to rise above 70 percent, compounded by erratic payment of PA salaries, the economic outlook was bleak indeed, he said. The depth of crisis would depend on the amount of funding the PA received and how the PA prioritized use of those funds. Shearer stressed that the security situation would determine the international community's response capability. He pointed to the continuous feuding in Gaza as an example indicating the rising level of insecurity. The UN is at its highest threat level (Phase 4) in Gaza and has reduced the number of its international staff from 78 to 8 and only allows movement in Gaza with armed guards.

¶4. (SBU) Unlike other humanitarian situations, Shearer said this was a "predictable and inevitable" crisis with a middle-income, highly urbanized population heavily reliant on the delivery of services. He stressed that humanitarian assistance can be quite a blunt instrument and cannot replace core PA functions. He underlined that UN agencies were not planning to do so, either. (Comment: UN agencies are averse to taking over core PA services. UN agencies and NGOs combined do not have the capacity to fully take over PA service delivery. End comment.) Even if the UN agencies and

NGOs were prepared to replace some PA services, Shearer stipulated that it would require some consent from the PA. He also noted that humanitarian assistance delivery is often fractured and uncoordinated, but the UN agencies would seek to respond using a coordinated approach. He said they would adhere to the principle of impartiality and helping those most in need. He said the UN agencies are not appealing for additional funding but are seeking to fully fund the 2006 CAP (described in reftel) since the projects proposed for CAP funding remain applicable and appropriate for the immediate future. Over the next few weeks, Shearer said the UN agencies would further refine their contingency planning and circulate a revised appeal.

Refugees will turn to UNRWA
if PA cannot provide services

¶5. (SBU) United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) Deputy Commissioner General Filippo Grandi told the group that UNRWA would continue to provide services to refugees according to its mandate. Noting that as many as 66,000 out of 300,000 refugee households in the West Bank and Gaza received PA salaries, he said that weakening PA service delivery could impact up to 50 percent of the refugee population.

¶6. (SBU) Grandi said UNRWA anticipated a significant increase in the utilization rate of its basic services as refugees who currently access PA-provided health, education, and relief services turn back to UNRWA. He estimated that UNRWA could see a 25 percent increase in use of UNRWA health services and 45,000 more pupils in UNRWA schools. He said UNRWA could expand its emergency employment, food distribution, and special cash distribution programs in response. However, he stressed that UNRWA's first priority is to fully implement currently planned emergency activities which are severely under-funded. Thus far, UNRWA had received commitments of USD 17 million (not including the USG's April 7 pledge of USD 51 million) for its USD 95 million emergency appeal.

UNDP: Trying to generate jobs
through projects, but lack of materials

17. (SBU) United Nations Development Program Special Representative Jens Toyberg said that, despite having six fully-funded projects in Gaza totaling 70 million, UNDP projects were delayed because of a lack of locally available construction materials due to frequent closures of Gaza crossings. Before the closures, he noted that UNDP had been consuming 21 percent of construction materials entering Gaza. These projects could result in one million person days of employment in 2006 for Gaza operating at maximum capacity, the actual impact would likely be much smaller given the unavailability of construction materials.
WALLES